How to Prevent the CRA From Taking Back Your $2,000 CERB Payments

Description

This month, the Canada Revenue Agency (CRA) updated its “Leads Program” to include the Canada Emergency Response Benefit (CERB) to its list of reportable cheating activities. CRA staff have been told to ignore red flags and individuals not meeting eligibility criteria in order to speed up the process. The federal government did this in response to the desperate situation many Canadians are facing due to the COVID-19 pandemic. When it comes to financial relief, time is usually of the essence.

Today, I want to discuss how Canadians can avoid penalties that will take back any CERB payments in the future. Moreover, we can explore how to build your own passive-income stream as the CERB program is finite. Let’s dive in.

CRA: Make sure you are eligible for the CERB

Back in April, I’d discussed some of the eligibility criteria for those who intended to apply for the CERB. For example, an applicant must not have left their job voluntarily to qualify for the program. The applicant must have stopped working or will stop working due to the COVID-19 outbreak. This last bit of criteria was changed to include those who have seen their income drop below $1,000/month due to wage reductions.

It is extremely important that applicants adhere to these criteria. The CRA has extensive resources and all the time in the world. It may take a while, but eventually a flawed application will be identified. Worse yet, the penalties for filing ineligible CERB applicants could be ramped up as the review process begins in 2021.

For those who fall short of eligibility or who are seeing their payments expire this summer, there is a solid alternative.

Build your own passive-income stream

Late last month, I’d discussed the expiring CRA CERB payments. Canadians should look to build their own passive-income stream in 2020. Better yet, investors who stash income-yielding equities in a TFSA will not have to pay taxes on dividends. This beats out the CERB, which is taxable.

Chemtrade Logistics is an Ontario-based company that provides industrial chemicals and services in Canada, the United States, and South America. Shares of this income fund have dropped 43% in 2020 as of close on June 4. However, the stock has increased 22% month over month.

The company last declared a May distribution of $0.05 per share. This represents a hefty 10% yield. Shares last had a favourable price-to-book value of 0.7. An investor who stashed 840 shares of Chemtrade in their portfolio, worth roughly $5,000, would net $42 in tax-free income per month. That works out to over $500 on an annual basis. This is a great alternative to the CRA CERB program.

Northland Power is a Toronto-based independent power producer. Shares of this utility have climbed 23% in 2020 at the time of this writing. Still, it possesses a favourable price-to-earnings ratio of 17. The stock last paid out a monthly dividend of $0.1 per share, representing a 3.6% yield. Though it offers a more modest dividend payout, Northland Power has a proven track record that income investors can trust.

CATEGORY

1. Coronavirus
2. Dividend Stocks
3. Investing

PARTNER-FEEDS

1. Business Insider
2. Msn
3. Newscred
4. Sharewise
5. Yahoo CA

Category

1. Coronavirus
2. Dividend Stocks
3. Investing

Date
2025/08/25
Date Created
2020/06/07
Author
aocallaghan